

Transport Rate Structure in New Mexico

- **Overview**
 - *Question:* Please explain why the New Mexico Public Regulation Commission (“PRC”), in its comments before the FCC, indicates that it ordered a distance-sensitive rate structure for entrance facilities (“EUDIT”) in a **Nov. 20, 2001** order in the **Section 271 docket**, but Exhibit A of Qwest’s SGAT (listing rates) does not include such a structure.
 - *Answer:* Exhibit A of Qwest’s New Mexico SGAT includes the rate levels and rate structure ordered in the PRC’s **Aug. 27, 2002** decision in **Phase A of the pricing docket**.
- The New Mexico PRC conducted two separate, concurrent proceedings regarding Qwest’s SGAT: the **Section 271 docket** (Utility Case No. 3269); and the **pricing docket** (Utility Case No. 3495).
 - The pricing docket consisted of two phases: **Phase A**, concerning interim rates, which concluded with a final order issued on **Aug. 27, 2002**; and **Phase B**, concerning long-term rates, which is still underway.
- In the **Section 271 docket**, both AT&T and Qwest presented transport rate structure arguments similar to those they presented before the FCC in WC Docket No. 03-11.
 - On **Nov. 20, 2001**, the PRC held: “The Commission is of the opinion that, in the interim, pricing for the UDIT/EUDIT UNE (the entire dedicated transport link between points) should be based on a distance sensitive, flat rate charge, modeled on Qwest’s current UDIT rate structure. Qwest will have the option in our cost docket of revising its UDIT/EUDIT rates to reflect the difference in the cost of service (assuming such a showing can be made). Qwest is directed to modify its SGAT to reflect the Commission’s determination.” *Qwest Corp.’s Section 271 Application*, Utility Case No. 3269, Order Concerning UNE Report, ¶ 212, pp.69-70 (NM PRC Nov. 20, 2001).
 - On **Nov. 30, 2001**, Qwest filed a revised SGAT with the PRC that included modified sections 9.6.1.1, 9.6.3.1, and 9.6.3.2 in compliance with the above directive. Those provisions of Qwest’s New Mexico SGAT have not been modified since then.
 - On the same date, in Exhibit A of the SGAT (listing rates), the rates for EUDIT (section 9.6.9) were removed and replaced with the phrase “under development.”

- In **Phase A of the pricing docket**, parties filed testimony regarding UNE rates. Qwest proposed (in testimony filed **Aug. 31, 2001**) to retain the existing transport rate levels and rate structure (adopted in a **1998** cost docket order).
 - AT&T did not participate in **Phase A of the pricing docket**, and no other party proposed distance-sensitive rates for a combined UDOT/EUDOT element.
 - On **June 6, 2002**, Elizabeth C. Hurst, the PRC Hearing Examiner for **Phase A of the pricing docket**, issued a Recommended Decision that supported retaining some of the interim EUDOT rates proposed by Qwest pending completion of Phase B of the pricing docket, and in certain instances adopting EUDOT rates based on those adopted by the Washington Utilities & Transportation Commission.
 - On **Aug. 27, 2002**, the PRC issued an order that, with a few exceptions not relevant here, “adopted, approved, and accepted” the rates in the Hearing Examiner’s Recommended Decision.
 - On **Aug. 30, 2002**, Qwest filed a revised SGAT Exhibit A containing the approved rates. Qwest did not modify the corresponding sections of the SGAT text.
- In **Phase B of the pricing docket**, Qwest (in testimony filed **May 31, 2002**) proposed a non-distance sensitive rate structure for entrance facilities and consistent rate levels. Qwest also filed proposed rates for AT&T’s preferred distance-sensitive transport rate structure, but did not recommend this structure.
 - AT&T did not participate in **Phase B of the pricing docket**, and no other party proposed distance-sensitive rates for a combined UDOT/EUDOT element.
 - The PRC has not yet issued a final decision in **Phase B of the pricing docket**. In that proceeding the PRC will have an opportunity to clarify its position regarding the transport rate structure. Qwest will comply with the PRC’s final decision.